

DEPARTMENT OF ENERGY

Western Area Power Administration

Boulder Canyon Project

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of Proposed Base Charge and Rates Adjustment.

SUMMARY: The Western Area Power Administration (Western) is proposing an adjustment to the Boulder Canyon Project (BCP) electric service base charge and rates. The current base charge and rates expire September 30, 2007. The current base charge is not sufficient to pay all annual costs including operation, maintenance, replacements, and interest expense, and to repay investment obligations within the required period. The proposed base charge will provide sufficient revenue to pay all annual costs and to repay investment obligations within the allowable period. A detailed rate package that identifies the reasons for the base charge and rates adjustment will be available in March 2007. The proposed base charge and rates are scheduled to become effective on October 1, 2007, and will remain in effect through September 30, 2008. This **Federal Register** notice initiates the formal process for the proposed base charge and rates.

DATES: The consultation and comment period will begin today and will end May 15, 2007. Western representatives

will explain the proposed base charge and rates at a public information forum on April 11, 2007, beginning at 10:30 a.m. MST, in Phoenix, Arizona (AZ). Interested parties can provide oral and written comments at a public comment forum on May 9, 2007, beginning at 10:30 a.m. MST, at the same location. Western will accept written comments any time during the consultation and comment period.

ADDRESSES: The meetings will be held at the Desert Southwest Customer Service Regional Office, located at 615 South 43rd Avenue, Phoenix, AZ. Send written comments to: J. Tyler Carlson, Regional Manager, Desert Southwest Customer Service Region, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005-6457, e-mail carlson@wapa.gov. Written comments may also be faxed to (602) 605-2490, attention: Jack Murray. Western will post information about the rate process on its Web site at <http://www.wapa.gov/dsw/pwrmt/BCP/RateAdjust.htm>. Western will post official comments received via letter and e-mail to its Web site after the close of the comment period. Western must receive written comments by the end of the consultation and comment period to ensure they are considered in Western's decision process.

As access to Western facilities is controlled, any U.S. citizen wishing to attend any meeting held at Western must present an official form of picture identification, such as a U.S. driver's license, U.S. passport, U.S. Government ID, or U.S. Military ID, at the time of the meeting. Foreign nationals should contact Western at least 45 days in advance of the meeting to obtain the necessary form for admittance to Western.

FOR FURTHER INFORMATION CONTACT: Mr. Jack Murray, Rates Team Lead, Desert Southwest Customer Service Region, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005-6457, telephone (602) 605-2442, e-mail jmurray@wapa.gov.

SUPPLEMENTARY INFORMATION: The proposed base charge and rates for BCP electric service are designed to recover an annual revenue requirement that includes the investment repayment, interest, operation and maintenance, replacements, payment to states, visitor services, and uprating payments. The total costs are offset by the projected revenue from water sales, visitor services, water pumping energy sales, facilities use charges, regulation and spinning reserve services, miscellaneous leases, and late fees. The projected annual revenue requirement is the base charge for electric service and is divided equally between capacity dollars and energy dollars. Annual energy dollars are divided by annual energy sales, and annual capacity dollars are divided by annual capacity sales to determine the proposed energy rate and the proposed capacity rate.

The Deputy Secretary of Energy approved the existing rate formula for calculating the base charge and rates in Rate Schedule BCP-F7 for BCP electric service on August 11, 2005, (Rate Order No. WAPA-120, 70 FR 50316, August 26, 2005). The Federal Energy Regulatory Commission (Commission) confirmed and approved the rate formula on a final basis in Docket No. EF05-5091-000 issued June 22, 2006 (115 FERC ¶ 61,362). Rate Schedule BCP-F7 became effective on October 1, 2005, for the period ending September 30, 2010. Under Rate Schedule BCP-F7, for FY 2008, the base charge is \$74,898,171, the forecasted energy rate is 9.33 mills per kilowatthour (mills/kWh), the forecasted capacity rate is \$1.81 per kilowattmonth (kWmonth), and the composite rate is 18.65 mills/kWh.

Under Rate Schedule BCP-F7, the proposed rates for BCP electric service will result in an overall composite rate increase of about 10 percent. The following table compares the current and proposed base charge and rates.

COMPARISON OF CURRENT AND PROPOSED BASE CHARGE AND RATES

	Current October 1, 2006 through Sep- tember 30, 2007	Proposed October 1, 2007 through Sep- tember 30, 2008	% Change Increase
Total Composite (mills/kWh)	17.02	18.65	10
Base Charge (\$)	67,509,136	74,898,171	11
Energy Rate (mills/kWh)	8.51	9.33	10
Capacity Rate (\$/kWmonth)	1.63	1.81	11

The increase in the electric service base charge and rates is primarily the result of higher annual costs associated

with operation and maintenance, visitor services, uprating program payments, replacements, and no increase in

revenue projections for the visitor services.

Legal Authority

Western will hold both a public information forum and a public comment forum. After considering comments, Western will recommend the proposed base charge and rates for final approval by the Deputy Secretary of Energy.

Western is establishing an electric service base charge and rates for BCP under the Department of Energy Organization Act (42 U.S.C. 7152); the Reclamation Act of 1902 (ch. 1093, 32 Stat. 388), as amended and supplemented by subsequent laws, particularly section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)); and other acts that specifically apply to the project involved.

By Delegation Order No. 00-037.00, effective December 6, 2001, the Secretary of Energy delegated: (1) The authority to develop power and transmission rates to Western's Administrator; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, to remand or to disapprove such rates to the Commission. Existing Department of Energy (DOE) procedures for public participation in power rate adjustments (10 CFR part 903) were published on September 18, 1985.

Availability of Information

Interested parties may review and copy all brochures, studies, comments, letters, memorandums or other documents that Western initiates or uses to develop the proposed rates. These documents are at the Desert Southwest Customer Service Regional Office, located at 615 South 43rd Avenue, Phoenix, AZ. Many of these documents and supporting information are also available on its Web site located at <http://www.wapa.gov/dsw/pwrmt/BCP/RateAdjust.htm>.

Regulatory Procedure Requirements*Regulatory Flexibility Analysis*

The Regulatory Flexibility Act of 1980 (5 U.S.C. 601, *et seq.*) requires Federal agencies to perform a regulatory flexibility analysis if a final rule is likely to have a significant economic impact on a substantial number of small entities, and there is a legal requirement to issue a general notice of proposed rulemaking. This action does not require a regulatory flexibility analysis since it is a rulemaking specifically involving rates or services applicable to public property.

Environmental Compliance

In compliance with the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321, *et seq.*); the Council On Environmental Quality Regulations (40 CFR parts 1500-1508); and DOE NEPA Implementing Procedures and Guidelines (10 CFR part 1021), Western has determined that this action is categorically excluded from preparing an environmental assessment or an environmental impact statement.

Determination Under Executive Order 12866

Western has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget is required.

Small Business Regulatory Enforcement Fairness Act

Western has determined that this rule is exempt from congressional notification requirements under 5 U.S.C. 801 because the action is a rulemaking of particular applicability relating to rates or services and involves matters of procedure.

Dated: January 26, 2007.

Timothy J. Meeks,
Administrator.

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